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BusinessWeek

'Technology, Technology, Technology'

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[Amazon-com Inc](#)**Abstract:**

It is technology that has rocketed Amazon to the top of the online-retailing crowd. @Amazon.com CEO Jeff Bezos aims to keep the company on the leading edge when it comes to technology.

Full Text:

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[Photograph]

Photograph: not bulletproof The site went down twice this year. ``It's always in scaffolding," says Chief Technology Officer Kaphan
ALAN LEVENSON

Is @Amazon.com Inc. a retailer or a technology company? CEO Jeff Bezos' answer: ``Yes." And he's right--it's both. But it is technology that has rocketed Amazon to the top of the online-retailing crowd, and Bezos isn't coy about that: ``In physical retail, the three most important things are location, location, location. At @Amazon.com, the three most important things are technology, technology, technology."

Bezos aims to keep it that way. Some 75% of retailers still aren't on the Web, says Kip Wolin, business development director at retail Web consultant NetTech Group Inc. And the fast-changing nature of Net technology makes it tough to make up lost ground--giving early leaders a big edge.

HOMING IN. Indeed, Amazon was one of the first to take full advantage of the Net's computing power to let customers search easily for any **book** in print, read reams of **reviews**, and have **purchases sent** whizzing their way with a mouse click from the comfort of home--all things a bookstore can't do. Amazon also was the first commercial site to use "collaborative filtering" technologies to analyze customer **purchases** and suggest other **books** that people with similar **purchase** histories like.

In a bid to stay ahead, Amazon in August spent \$270 million to buy two key companies. Jungle Corp. develops comparison-shopping technologies that Bezos hopes will give customers a way to find products Amazon doesn't sell directly.

PlanetAll, a computerized Rolodex and Daytimer rolled into one, lets visitors register their phone numbers and other personal information and designate which friends--even members of an old Boy Scout troop--they want to keep in touch with. For Amazon, it's potentially a dandy reminder service to prompt other purchases. It could, say, send E-mails alerting people that Dad's birthday is coming up--and perhaps even suggest a gift based on his interests.

Because Amazon has been breaking new cyberground, it has had to develop most of its own technology to take orders online, coordinate distribution, and handle huge volumes of E-mail. That has made it as much a software company as a retailer. Says Ann Winblad, a principal at high-tech venture capital firm Ohumner Winblad Venture Partners: "Basically, these are information-systems companies, with a little pick, pack, and ship."

ALL-KNOWING? But the advantages of online retailing also make it more complex in some ways than traditional retailing. The biggest stores carry about 200,000 items. Amazon handles 3 million books, 24 hours a day, 7 days a week, says Chief Information Officer Richard L. Dalzell. Dalzell is testing a digital data storehouse for customer and product information, based on technology from Red Brick Systems Inc., that will be equal in size to more than 100 million novels. The goal: to amass enough detailed information about customers to allow Amazon to suggest precisely the **products** they're likely to want to **buy**.

Still, Amazon's technology isn't bulletproof. In January and September, the site went down for up to nine hours because of a lack of adequate computer-backup systems. Although the company says it has addressed that problem, "it's always in scaffolding," admits Chief Technology Officer Shel Kaphan. For Amazon, it seems, technology will always be a work in progress.

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